

To the Members of the California State Assembly:

I am returning Assembly Bill 2732 without my signature as the Medi-Cal program already allows electronic billing in the vast majority of cases, except special circumstances designed to prevent fraud and abuse.

The overwhelming majority of the 230 million provider claims submitted to the Medi-Cal program each year are submitted electronically. For the remaining claims, the Department of Health Services requires additional back up materials to assure program integrity. For example, the department had to suspend electronic billing for some medical supplies and require additional documentation from providers when services not covered by the Medi-Cal program were being billed under generic codes. Similarly, the department instituted additional documentation requirements to corroborate the need for fillings and other procedures when it detected inappropriate billing for dental services.

I am concerned that this bill is too broad and that by requiring each California Department of Health Services contract for Medi-Cal Fiscal Intermediary services to allow every provider that meets specific requirements to submit claims electronically may have unintended consequences.

As there is always potential for improvement and advantages of new technology, the Department of Health Services is looking at ways to make it easier for health care providers, including dentists and distributors of medical supplies, to bill electronically and benefit from web-based technology, while providing appropriate safeguards to protect from fraudulent activity.

Sincerely,

Arnold Schwarzenegger